

11/29/78 [2]

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Notes	Pres. Carter notes on Sen. Byrd's Cairo Trip, w/attachments 2 pp. <i>Opened 2/1/83</i>	11/29/78	A
Memo	Schlesinger to Pres. Carter, w/attachments 79 pp., re:Energy Co-operation w/China <i>Opened 6/1/82</i>	11/27/78	A
Memo	Lipshutz to Pres. Carter, w/attachments 8 pp., re:Peace Corps	11/27/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File, 11/29/78 [2] Box 110

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THE WHITE HOUSE
WASHINGTON

November 29, 1978

MR. PRESIDENT

JERRY RAFSHOON AND THE SPEECHWRITERS
WOULD LIKE TO SEE YOU FOR A FEW MINUTES
ABOUT UPCOMING SPEECHES. CAN THEY
DROP BY BEFORE YOUR 2:30 P.M. APPOINT-
MENT?

YES



NO

PHIL

telephone call from
senator bob byrd

11/29/78

THE WHITE HOUSE
WASHINGTON

11-29-78

Byrd fm Cairo
Mf c Sadat. 1 hour.

25978 - 25977 msgs?

Sadat: Art 4 & 6 - no
position hardened

feels unfair pressure

Byrd: accept treaty
provided linkage assured

Sadat unmoved - emotional.
upset

= Dismissed linkage, but
emphasized 4 & 6

~~CONFIDENTIAL~~



C

The Secretary

November 27, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER

SUBJECT:

Report on Technical Discussions on
Energy Cooperation with China

This memorandum is to inform you of the results of my trip to China relating to future energy cooperation with the PRC.

I. General

During my visit to the PRC, five U.S. technical teams carried out extensive discussions with Chinese counterparts in the following areas: 1) coal, 2) hydroelectric power, 3) renewable energy, 4) oil and gas, and 5) high energy physics, nuclear physics and magnetic fusion. The purpose was to identify PRC interest in cooperative activities in those areas. These technical discussions took place in an atmosphere of enthusiasm and cooperation and resulted in successful definition of joint projects of potential PRC interest.

In discussing a framework for continuing this cooperation, we took the position that it would be necessary to agree upon an explicit mechanism for proceeding, ratified by some sort of signed agreement in those areas where the U.S. Government has primary responsibility (e.g., hydroelectric, R&D) and where the proposed collaboration is significant. The point became particularly important in the high energy physics discussions where the PRC desires a greatly expanded and significant collaborative effort; and it will become more so, if U.S. Government agencies are to proceed further, with some of the major "turn-key" hydroelectric projects the PRC broached to us.

NATIONAL SECURITY
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Unauthorized Disclosure Subject to
Criminal Sanctions.

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EXEMPT TO GENERAL DECLASSIFICATION SCHEDULE
EXECUTIVE ORDER 11652, APRIL 2, 1974, AND
AT TWO YEAR INTERVALS AND DECLASSIFIED ON 10/1/92

Gay 5/27/92

1984
(insert year)

~~CONFIDENTIAL~~

2

The Chinese continued to adhere to their consistent position that they could not enter into written agreements with the United States pending normalization. The Chinese hope that cooperation can be expanded without general written agreements by dealing on an individual project basis with the relevant agency, e.g., USGS or the Corps of Engineers. We have not agreed with that view and the issue remains to be resolved.

I don't like this

II. Specific Technical Discussions

1. Coal. The coal discussions focused on two areas: 1) specific projects for U.S. industry participation, and 2) areas of mutual S&T interest with the U.S. Government. The specific projects involved are included as Appendix A. To follow-up these discussions, it was orally agreed that a U.S. coal industry delegation should visit China, and that a PRC coal technology mission should visit the U.S., both "as soon as possible." It was orally agreed that the subject of specific formal agreements, with appropriate organizations and staffing, could be pursued during the PRC visit to the U.S. ✓

2. Hydroelectric Power. The PRC raised the possibility of a wide-range of cooperative projects including developing the high dam in the Yangtze Gorge, site investigation and foundation work for a new dam on the Yellow River, and planning/design for high voltage transmission lines leading to an interconnected national network after 1985. It was orally agreed to begin with a number of smaller training projects which the PRC is anxious to implement. A more detailed list of the types of cooperation envisioned is enclosed as Appendix B. ✓

3. Renewable Energy. Contrary to expectations, the PRC expressed a high degree of interest in the full range of renewable resource technologies. They clearly are at an early stage in this area. Preliminary agreement on specific areas of cooperation in solar, geothermal and MHD was reached easily and quickly. These are set out in Appendix C. ✓

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4. Oil and Gas. While the Chinese expressed interest in the presentations made by the U.S. delegation concerning U.S. capabilities (particularly in oil and gas resource appraisal) this group was unique in that the PRC expressed no interest in pursuing specific areas of potential cooperation with the Department of Energy. The PRC does have some interest in limited cooperative activities with USGS and DOE Energy Technology Centers, but a distinct preference was expressed for pursuing these on an ad hoc basis as the occasion required. ✓

The PRC side stated that, while the PRC is interested in greatly expanding cooperation in oil and gas with the U.S., they expected that the necessary contacts would remain at the "people-to-people" level, e.g., with U.S. private industry, which the PRC hoped the U.S. Government would continue to support and facilitate.

5. High Energy Physics, Nuclear Physics and Magnetically Confined Fusion. The PRC is clearly very anxious to embark now on major cooperative projects in high energy physics, nuclear physics, and magnetic fusion. The Chinese presented their proposal for a greatly expanded program of cooperation involving exchanges of scientists and technicians which would require major involvement by the U.S. The chief focus of the exchanges would be assistance to the Chinese in the design and fabrication of large, modern experimental facilities. Both sides agreed that the way to implement the interaction is by means of committees from each side, working jointly. While there was agreement on the specific activities and close but not complete agreement on mechanisms to implement the cooperation, no agreement could be reached on the instrument that would be used to formalize the cooperation. A list of contemplated exchanges is contained in Appendix D.

6. Nuclear Energy. Side discussions were held with the PRC on nuclear energy. The PRC side stated their plan is to have one reactor operating by 1985 and 20 by 2000, although more uncertainty was expressed about the latter goal. They expressed a willingness to buy the 1985 reactor from any country and refused to accept safeguards. Finally, they expressed an interest in exchanging delegations on nuclear energy research and development. While the response to this last item requires careful consideration, DOE feels it should be positively pursued. ?

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III. Conclusion

- ° The Chinese used these technical discussions to present a large number of energy projects that will provide potentially lucrative commercial opportunities for U.S. industry and the basis for expanded S&T cooperation with various parts of the U.S. Government
- ° The number and scope of these projects is so great that the Chinese will have difficulty pursuing all of them.
- ° We will proceed to develop these opportunities. To ensure an effective and responsible follow-up, DOE has established a central point to coordinate cooperative activities in energy science and technology with the PRC and we will coordinate these activities in accordance with the NSC directives.

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Schlepp memo
back from P.

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~~CONFIDENTIAL~~

SUMMARY OF COAL PROJECTS

Proposed projects to be considered with industry:

1. The design and construction of a 20 million ton/year Yi Min surface mine in Heilungkiang province.
2. The design and construction of a 20 million/year surface mine in Shansi province (An T'ai Pao mine).
3. Mine construction in Shantung province, particularly in the Yen Chow area of development. This could include the upgrading of three existing mines and the initiation of five or seven new deep mines not yet started.
4. Construction of six coal preparation plants--three in the Yen Chow area and 3 in the Kailaun coal area. Each plant would be 3 million tons and 4 million tons annual capacity, respectively.
5. Technology transformation and building of four mine machinery plants:
 - a. Instruments for mine safety
 - b. Drills for geological surveying
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Proposed projects to be considered with government:

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2. The use of DOE facilities to analyze Chinese coal characteristics to assist in designing coal preparation plants.

3. Discussion of the DOE programs for coal mining technology such as advanced boring machines, automated long-wall systems, coal haulage, ventilation, etc.

4. The use of DOE technical facilities for training Chinese personnel in areas of coal research and testing programs.

5. Discussion of Department of Interior and Environmental Protection Agency (EPA) programs regarding land reclamation of coal surface mines.

6. Discussion of the DOE coal gasification program with emphasis on DOE's analysis and review of the Cogas, Hygas, and slagging Lurgi coal gasification technologies and the proposed Chinese coal gasification project planned for Peking.

7. Discussion of the DOE coal liquefaction program using DOE test facilities to investigate Chinese coals.

8. Review of Chinese atmospheric fluidized bed (AFB) operating experience, and the U.S. AFB program.

9. Discussion of DOE and EPA programs on pollution control equipment and air transport modeling.

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PROJECTS DISCUSSED AND INITIATED FOR TRAINING
IN HYDROELECTRIC

Planning

1. Specific multipurpose project planning
2. Transmission system planning

Site Investigations

Design

1. Powerhouse and dams
2. Transmission system substations and lines

Construction

1. Management, use of modern machinery
2. Concrete techniques

Research

1. Training at USCE Waterways Experimental Station
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Future Projects for Training

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PROJECTS IN RENEWABLE ENERGY

1. The Department of Energy will provide advice to the PRC with respect to the establishment of solar, geothermal, and MHD labs (including the identification of appropriate equipment for these laboratories).
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3. PRC side also expressed interest in having U.S. help in assessing and developing a low temperature hydrothermal project in Peking's eastern suburbs.

In all three of these areas, the PRC side stated that it intends to purchase significant amounts of U.S. equipment and technology.

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LIST OF CONTEMPLATED EXCHANGES OR PROJECTS
HIGH ENERGY PHYSICS, NUCLEAR PHYSICS,
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The exchanges prepared by the PRC are extensive, and will not be listed in detail. It is convenient to place them in three categories:

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There would be few reciprocal visits by U.S. scientists to China. Most of these would be in the form of lectures and seminars given on subjects requested by the Chinese.

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EXECUTIVE ORDER 11652 AUTOMATICALLY DECLASSIFIED
AT TWO YEAR INTERVALS AND DECLASSIFIED ON DEC. 31,
1984

5/27/92

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9. Discussion of DOE and EPA programs on pollution control equipment and air transport modeling.

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IN HYDROELECTRIC

Planning

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2. Transmission system planning

Site Investigations

Design

1. Powerhouse and dams
2. Transmission system substations and lines

Construction

1. Management, use of modern machinery
2. Concrete techniques

Research

1. Training at USCE Waterways Experimental Station
and USBR Engineering and Research Center

Future Projects for Training

1. Comprehensive River Development
2. Site Investigations for Transmission Corridors
3. Drilling and Lining of Tunnels
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The scope of the proposed program is broad and large. If the very ambitious plans of the Chinese materialize, there could be as many as 300 Chinese scientists and engineers visiting the U.S. at a given time. This does not include students at universities.

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The Secretary

November 27, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER

SUBJECT:

Report on Technical Discussions on
Energy Cooperation with China

This memorandum is to inform you of the results of my trip to China relating to future energy cooperation with the PRC.

I. General

During my visit to the PRC, five U.S. technical teams carried out extensive discussions with Chinese counterparts in the following areas: 1) coal, 2) hydroelectric power, 3) renewable energy, 4) oil and gas, and 5) high energy physics, nuclear physics and magnetic fusion. The purpose was to identify PRC interest in cooperative activities in those areas. These technical discussions took place in an atmosphere of enthusiasm and cooperation and resulted in successful definition of joint projects of potential PRC interest.

In discussing a framework for continuing this cooperation, we took the position that it would be necessary to agree upon an explicit mechanism for proceeding, ratified by some sort of signed agreement in those areas where the U.S. Government has primary responsibility (e.g., hydroelectric, R&D) and where the proposed collaboration is significant. The point became particularly important in the high energy physics discussions where the PRC desires a greatly expanded and significant collaborative effort; and it will become more so, if U.S. Government agencies are to proceed further, with some of the major "turn-key" hydroelectric projects the PRC broached to us.

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Unauthorized Disclosure Subject to
Criminal Sanctions.

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EXEMPT TO GENERAL DECLASSIFICATION
EXECUTIVE ORDER 11652 AUTOMATICALLY DECLASSIFIED
AT TWO YEAR INTERVALS AND DECLASSIFIED ON DEC. 1, 1984

1984
(insert year)

Handwritten signature and date: JES 5/27/82

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2

The Chinese continued to adhere to their consistent position that they could not enter into written agreements with the United States pending normalization. The Chinese hope that cooperation can be expanded without general written agreements by dealing on an individual project basis with the relevant agency, e.g., USGS or the Corps of Engineers. We have not agreed with that view and the issue remains to be resolved.

II. Specific Technical Discussions

1. Coal. The coal discussions focused on two areas: 1) specific projects for U.S. industry participation, and 2) areas of mutual S&T interest with the U.S. Government. The specific projects involved are included as Appendix A. To follow-up these discussions, it was orally agreed that a U.S. coal industry delegation should visit China, and that a PRC coal technology mission should visit the U.S., both "as soon as possible." It was orally agreed that the subject of specific formal agreements, with appropriate organizations and staffing, could be pursued during the PRC visit to the U.S.

2. Hydroelectric Power. The PRC raised the possibility of a wide-range of cooperative projects including developing the high dam in the Yangtze Gorge, site investigation and foundation work for a new dam on the Yellow River, and planning/design for high voltage transmission lines leading to an interconnected national network after 1985. It was orally agreed to begin with a number of smaller training projects which the PRC is anxious to implement. A more detailed list of the types of cooperation envisioned is enclosed as Appendix B.

3. Renewable Energy. Contrary to expectations, the PRC expressed a high degree of interest in the full range of renewable resource technologies. They clearly are at an early stage in this area. Preliminary agreement on specific areas of cooperation in solar, geothermal and MHD was reached easily and quickly. These are set out in Appendix C.

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4. Oil and Gas. While the Chinese expressed interest in the presentations made by the U.S. delegation concerning U.S. capabilities (particularly in oil and gas resource appraisal) this group was unique in that the PRC expressed no interest in pursuing specific areas of potential cooperation with the Department of Energy. The PRC does have some interest in limited cooperative activities with USGS and DOE Energy Technology Centers, but a distinct preference was expressed for pursuing these on an ad hoc basis as the occasion required.

The PRC side stated that, while the PRC is interested in greatly expanding cooperation in oil and gas with the U.S., they expected that the necessary contacts would remain at the "people-to-people" level, e.g., with U.S. private industry, which the PRC hoped the U.S. Government would continue to support and facilitate.

5. High Energy Physics, Nuclear Physics and Magnetically Confined Fusion. The PRC is clearly very anxious to embark now on major cooperative projects in high energy physics, nuclear physics, and magnetic fusion. The Chinese presented their proposal for a greatly expanded program of cooperation involving exchanges of scientists and technicians which would require major involvement by the U.S. The chief focus of the exchanges would be assistance to the Chinese in the design and fabrication of large, modern experimental facilities. Both sides agreed that the way to implement the interaction is by means of committees from each side, working jointly. While there was agreement on the specific activities and close but not complete agreement on mechanisms to implement the cooperation, no agreement could be reached on the instrument that would be used to formalize the cooperation. A list of contemplated exchanges is contained in Appendix D.

6. Nuclear Energy. Side discussions were held with the PRC on nuclear energy. The PRC side stated their plan is to have one reactor operating by 1985 and 20 by 2000, although more uncertainty was expressed about the latter goal. They expressed a willingness to buy the 1985 reactor from any country and refused to accept safeguards. Finally, they expressed an interest in exchanging delegations on nuclear energy research and development. While the response to this last item requires careful consideration, DOE feels it should be positively pursued.

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III. Conclusion

- ° The Chinese used these technical discussions to present a large number of energy projects that will provide potentially lucrative commercial opportunities for U.S. industry and the basis for expanded S&T cooperation with various parts of the U.S. Government
- ° The number and scope of these projects is so great that the Chinese will have difficulty pursuing all of them.
- ° We will proceed to develop these opportunities. To ensure an effective and responsible follow-up, DOE has established a central point to coordinate cooperative activities in energy science and technology with the PRC and we will coordinate these activities in accordance with the NSC directives.

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ID 785990

THE WHITE HOUSE

WASHINGTON

DATE: 28 NOV 78

FOR ACTION:

INFO ONLY: STU EIZENSTAT

ZBIG BRZEZINSKI

SUBJECT: CONFIDENTIAL SCHLESINGER MEMO RE REPORT ON TECHNICAL
DISCUSSIONS ON ENERGY COOPERATION WITH CHINA

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:



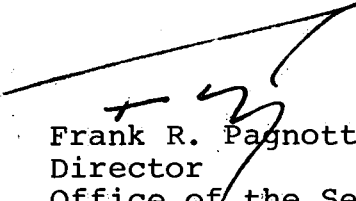
Department of Energy
Washington, D.C. 20585

November 28, 1978

NOTE TO RICK HUTCHESON

Attached is a report from Jim Schlesinger to the President on technical discussions on energy cooperation with China.

I would appreciate your seeing that it gets to the President at the earliest possible time.



Frank R. Pagnotta
Director
Office of the Secretary

Attachment

8

THE WHITE HOUSE
WASHINGTON

29 Nov 78

Zbig Brzezinski

The attached was returned in
the President's outbox today.
It is forwarded to you for
your information.

Rick Hutcheson

~~CONFIDENTIAL~~

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CONFIDENTIAL

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

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CRUIKSHANK

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GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE

THE WHITE HOUSE

WASHINGTON

November 28, 1978

MEETING WITH DEMOCRATIC EXECUTIVE COMMITTEE
AND STATE CHAIRS

Wednesday, November 29, 1978
2:30 P.M. (15 minutes)
East Room

From: Tim Kraft

TK

I. PURPOSE

To brief the leadership of the Democratic Party on your anti-inflation program.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: The Democratic Executive Committee is in Washington for a DNC meeting, and we have asked them to include this briefing in their day's agenda because of its importance.
- B. Participants: Approximately 50, Democratic Executive Committee members and State Chairs.
- C. Press Plan: White House Press corps will be allowed in for your presentation only.

III. TALKING POINTS

You need the active and vocal support of each of these Democratic leaders for your anti-inflation program.

attachments:

guest list
agenda

AGENDA

Wednesday, November 29, 1978

2:30 P.M. President Carter

2:45 P.M. Stu Eizenstat

3:00 P.M. Dr. Alfred Kahn

(following their presentations,
both Eizenstat and Kahn will
field questions)

4:00 P.M. Adjourn

Reception in foyer

✓ MURPHY, Joe (WA)

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THE WHITE HOUSE

WASHINGTON

November 28, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: BERNIE ARONSON, ^{BA} BOB RACKLEFF ^{BR}

SUBJECT: Talking Points for Inflation Briefing
for DNC Group -- 11/29/78

1. Fred Kahn and Stu Eisenstat will describe the program in detail and answer questions. But I wanted this chance to stress the importance of meeting the challenge of inflation.
2. We Democrats can be proud of the record we have built on the economy. We inherited the highest unemployment since the Great Depression. Working together, we have added 6.5 million new jobs to the American workforce . . . the highest increase in jobs in any comparable period in our history. You have seen the results. There are thousands of Americans in each of your states who are back on their feet today; supporting their families with pride and dignity; no longer dependent on welfare and unemployment insurance; contributing tax revenues instead of draining them.

Economic growth is up 7-1/2 percent. The housing industry has been brought out of a depression and we are building nearly two million new units a year. Because we have brought our economy out of recession we have been able to provide new support for education, for our cities, for health care, for decent housing, for civil rights and much more.

3. But all of our gains and all our goals for the future are threatened today by the challenge of rising inflation.

We are locked into a wage-price spiral that simply won't go away without strong measures. And the longer it remains out of control, the more we jeopardize the policies that Democrats have worked for in over 40 years.

Plainly, the American people expect us to do something. And while they judge Democrats as better economic managers than Republicans, they would easily turn away from our Party if we don't bring them results.

4. As President and as a Democrat, I am determined to get control of inflation. I am willing to take political risks -- I am willing to take unpopular actions -- because I know that the biggest risk of all is to conduct business as usual.

We established wage-price standards for the country to follow. We will be monitoring compliance closely. But we all know that this will fail if government does not set the example.

5. That's why my 1980 budget will be very, very tight. No program will escape this economizing. And I know that we will hear many complaints and feel pressure from every side when the budget figures are released.

Congress especially will be under great pressure from special interests to protect them from any economizing. I will make a special effort -- I need the Party leadership -- to help Democrats in Congress hold the line on spending.

We must keep reminding them that this is part of an overall strategy to prepare government for challenges in the future -- that if we fail this test, we won't have the chance to be a part of the future.

6. If we want to continue to honor the Democratic Platform we wrote two years ago, we must control inflation first. It stands directly in our way. There's no way around it. And the longer it lasts, the more it erodes the public commitment to helping the poor, the elderly, the sick and weak. We don't dare let that commitment slip away.

But if we bring down inflation, we can look back with the satisfaction that the Democrats met the greatest economic challenge of the 1970s -- that we built a solid foundation for a brighter, more secure future.

7. No President, no Congress, can control inflation alone. Every group, every individual, must do their part. That's why I am seeking your cooperation and support for a program that depends on voluntary action in every part of our economy. I believe that we can succeed. We have the national will to solve problems. The American people are ready to make the necessary sacrifices. Government must set the example. Our Party has never ducked the tough challenges in American life. We can, and we will, provide the leadership to control the curse of inflation. I know I can count on your help.

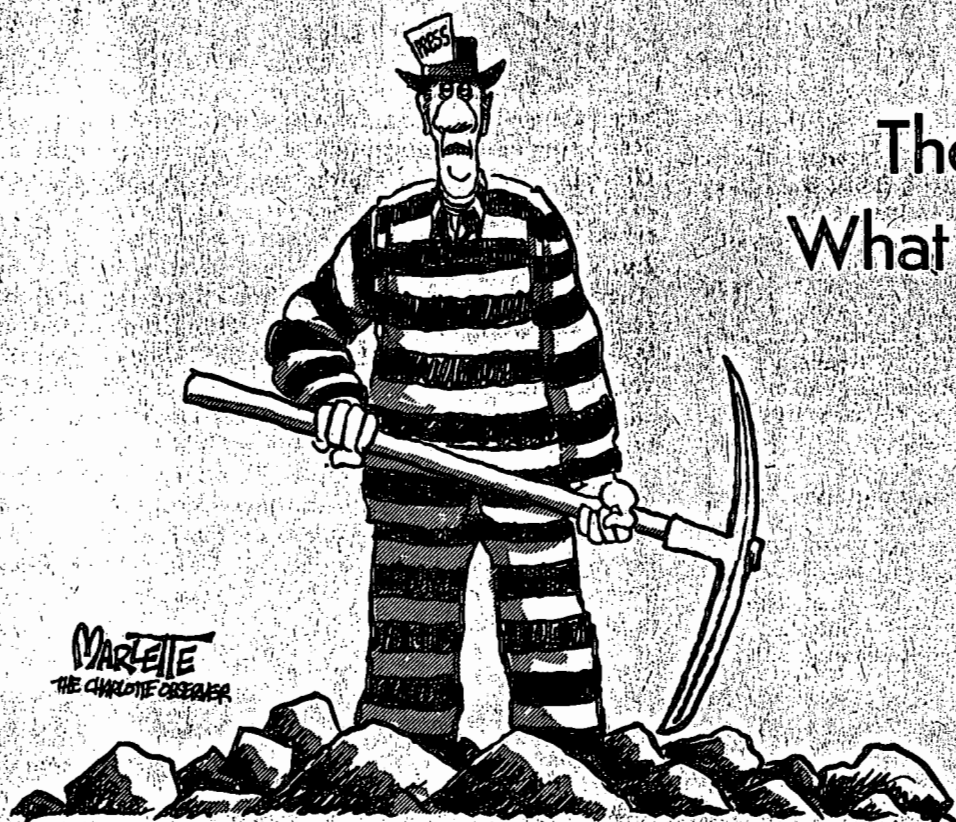
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ER 29, 1978

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